



# WEALTH ADVISORS

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## 2014 Market Returns (through 6/30/2014)

### Index

S&P 500	7.14%
Dow Jones Ind Avg	2.68%
Russell 2000	3.19%
MSCI EAFE (Int'l Stock Index)	4.78%
Cohen & Steers Real Estate Index	19.11%
Emerging Market Stock Index	6.14%
Barclays Bond Aggregate Index	3.93%
Dow Jones UBS Commodity Index	7.08%

## Market Review & Outlook

### MARKET REVIEW & OUTLOOK

The first half of the year has been marked by steady gains in the stock and bond markets, as well as historically low volatility. Through the first six months of the year the Dow Jones Industrial Average was up 2.68% compared to the broader S&P 500 index which was up 7.14%. Probably the biggest surprise of the first half of the year was the drop in interest rates which led to bonds gaining an average of 3.9% over the first six months. So far this year the stock market has been led by the utilities, energy, and health care sectors. Despite many potential catalysts for a market pullback, such as political turmoil in the Ukraine, Iraq, and the Middle East or the Fed continuing to reduce stimulus, the market has experienced historically low volatility.

There are several factors that can help explain why the market continues to show resilient strength. One of the primary reasons has been the accommodative Federal Reserve and low interest-rate environment we've been in since early 2009. Another factor has been the gradually improving economic fundamentals, such as employment, housing and rising consumer confidence. Corporate earnings continue to grow at a solid rate and

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## Market Review & Outlook (continued from page 1)

corporate balance sheets are healthy. While inflation has started to pick up in certain areas of the economy the overall inflation rate still remains below the Federal Reserve's target.

While we continue to remain bullish on the economy and the market in general we also recognize that nothing goes up in a straight line forever. The last time the market experienced a correction of 10% or more was in 2011, which leads us to believe another one could occur within the next 12 months. Experiencing pullbacks and corrections of 5%-15% are actually healthy and normal during bull markets. The most important thing is to be properly positioned and not overreact when a pullback or correction occurs. As long as the economic fundamentals continue to show gradual improvement, we believe the current bull market will remain intact.

Over the past year we have held six client appreciation luncheons around the state and continue to receive very positive feedback. Our plan is to continue holding these events in different cities with the hopes of meeting all of our clients and allowing them to meet the ARS staff. We thank you for the trust that you have placed in our firm and want you to know that we do not take the responsibility lightly. I'm proud to say that ARS Wealth Advisers was once again ranked by Financial Advisor Magazine as One of the Top RIA firms in America based on assets under management. As always please contact our office if you would like to schedule a meeting to discuss any financial matters or questions you may have.

Sincerely,

Tony Anderson

## ARS Wealth Advisors Portal

### ARS CLIENT PORTALS NOW AVAILABLE

ARS is pleased to announce we now offer a convenient, secure and environmentally friendly way to access your account information through our new client portals. Not only can you review daily account activity, current holdings, up to date performance, and quarterly reports; you may also receive or send documents through the portal's secure document vault system. In an effort to help minimize the possibility of identity theft and to enhance our ability to get account specific information to you in a timely manner, we hope to continue transitioning clients onto the portal over the next few months. We also recog-

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## ARS Wealth Advisors Portal (continued from page 2)

nize that some clients are still more comfortable receiving reports via regular mail and will continue to provide this service for anyone that wishes to opt out of utilizing the client portal. If you need assistance accessing the client portal or wish to opt out, please contact Felicia Fortosis at 727-322-7681 or email [felicia.fortosis@arswealth.com](mailto:felicia.fortosis@arswealth.com).

## Client Appreciation Luncheons

We just returned from our sixth client appreciation lunch in Daytona Beach. We had a great time sharing a meal and socializing with over 30 clients and friends. The food was excellent and the Q&A time was robust. The only regret was that after two and one-half hours it felt as though there was not enough time. We are already planning for a return to Ponte Vedra in September to start the second season of these gatherings. We will continue to bring as many ARS staffers as possible so everyone can put a face to a name. As we have in prior meetings, we will bring our legal and accounting experts to answer as many questions as possible.

Please remember these gatherings are not sales events or attempts to sell you some new latest/greatest investment product. We are there to simply say thank you and answer questions you might have. We hope to see you at the next appreciation luncheon in your area - when you receive an invitation feel free to RSVP for any family member and/or friend as well.

## Investment Spotlight

What is the iShares U.S. Pharmaceuticals ETF (IHE) I own in my account?

From an investment point of view the big advantage an ETF offers relative to an individual stock is diversification in much the same way a mutual fund diversifies an investor. The ETF also allows a focused investment in a particular industry or theme. For example many of our clients own the iShares U.S. Pharmaceuticals ETF (IHE). This ETF owns 38 pharmaceutical stocks. The top ten positions are:

Johnson & Johnson (JNJ) 11%	Actavis (ACT) 7%	Allergan (AGN) 5%
Pfizer (PFE) 9%	Bristol-Myers (BMY) 6%	Mylan (MYL) 3%
Merck (MRK) 8%	Eli Lilly (LLY) 6%	Perrigo (PRGO) 4%
		Zoetis (ZTS) 3%

A total of 63% of the assets of the ETF are in the top ten positions.

For the most part, these are huge well known US drug companies. We believe the big US pharma companies in general have solid business prospects - in many cases once a patient begins a drug therapy, they continue on it for a very long time or for life. In general these companies generate free cash flow, buy back shares and have a history of raising their dividends as evidenced by the actions of eight of the top ten positions in this ETF. In addition, this ETF owns numerous smaller bio-tech firms. While these companies are often characterized by negative cash flow and pay no dividends, they are often acquisition targets of the larger pharma companies. So what we have in this ETF is a weighting toward large, established firms (about two-thirds of the weighting but one-third of the names) and a large collection of up and coming bio-tech firms that may be attractive targets (one-third of the weighting but two-thirds of the names).

In the last five years this ETF has far outperformed the S&P 500, up 25.7% per annum vs 18.8% per annum with the same standard deviation (or risk). While we aren't expecting the next five years to experience the same returns or degree of outperformance, we do think the nature of the business will generate above average returns with less risk.

### Employee Spotlight



Tammy Masse is the newest addition to ARS Wealth Advisors. We first met Tammy when she worked at the community bank located in our office building. Fortunately for us the bank was acquired and the acquiror decided to close the branch. Simply put, Tammy, can and does, do it all for us. She brought with her a wealth of customer service knowledge. Along with Lois and Felicia, she can help our clients with just about any issue. We look forward to a growing future with Tammy.

# ARS Wealth Advisors

## Mission Statement

*To focus solely on meeting the unique needs of our clients and to help them prepare for life's most important financial decisions, by providing objective advice, free from conflicts of interest, based on time-tested, proven strategies. To give our clients peace of mind by placing their best interest first and always acting in a fiduciary capacity.*

## ARS Team

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If you would like a copy of the most recent version of our Form ADV Part II, one is always available to you upon written request

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